



# Medical Expenses, Companion Animal Expenses, EID Calculations

» 24 CFR 5.603(b) & 5.611(a)(3)(i) – Unreimbursed medical expenses of an elderly or disabled family are to be deducted from annual income

- > Disabled family means a family whose **head or spouse** is a person with disabilities
- > Elderly family is a family whose **head or spouse** is at least 62 years of age

» HUD Definition:

- > Medical expenses, including medical insurance premiums that are ***anticipated during the period for which annual income is computed*** and that are not covered by insurance

# MEDICAL EXPENSES

## » Typical allowable medical expenses include:

- > Services of doctors and health care professionals
- > Medical insurance premiums
- > Prescription/non-prescription medicines (prescribed by a physician)
- > Dental expenses, eyeglasses, hearing aid batteries
- > ***Monthly payment on accumulated medical bills – regular monthly payments on a bill that was previously incurred. The allowance may include only the amount expected to be paid in the coming 12 months***

+ For example:

- Rose had surgery performed in July 2016. The balance of the bill after insurance has paid is \$2,000. Rose has an agreement with the hospital to pay \$35 a month toward this bill. Her anticipated medical expense would be  $\$35 \times 12 \text{ months} = \$420$  a year

What are  
allowable medical expenses?

- » HUD recommends consulting IRS Publication 502 for additional guidance on what IRS considers allowable medical expenses
- » Medical allowance is limited to expenses that exceed 3% of family's annual income – calculation performed automatically in HAPPY

What are allowable medical expenses?

## » What is a companion animal?

- > FHEO Notice FHEO-2013-01 defines a companion animal as an ***assistance animal***. An assistance animal is not a pet. It is an animal that works, provides assistance, or performs tasks for the benefit of a person with a disability or provides emotional support that alleviates one or more identified symptoms or effects of a person's disability

## » Companion animal expenses are allowable if:

- > A Reasonable Accommodation (RA) has been granted by MDOC to consider the expenses because a qualified professional has determined the participant needs a companion animal for his/her disability; OR
- > A qualified professional has written a "prescription" indicating the need of the companion animal for the participant
- > Expenses must be anticipated to be expended in the next 12 months
- > IRS allows costs such as food, grooming, and veterinary care in maintaining the health and vitality of the service animal

# Companion Animal Expenses





## » What is EID?

- > Disallowance of increase in annual income for a ***qualified family***
  - + Disallowance does not apply for purposes of program admission

## » What is a ***Qualified Family***?

- > A family whose receiving rental assistance under the HCV Program whose annual income increases due to one of the following reasons:
  - + Employment of a family member who is a person with disabilities and was previously unemployed for one or more years prior to employment
    - Previously unemployed includes a person with disabilities who has earned, in the twelve months previous to employment, not more than would be received for 10 hours of work per week for 50 weeks at the established minimum wage.
    - Established minimum wage is the greater of Federal, state or local minimum wage

Earned Income Disallowance (EID)



- + A family member who is a person with disabilities has increased earnings during participation in any economic self-sufficiency or other job training program. HUD's definition of an economic self-sufficiency or job training program includes any program designed to encourage, assist, train or facilitate economic independence of assisted families or to provide work for such families. Examples include:
  - Job training
  - Employment counseling
  - Work placement
  - Basic skills training
  - Education
  - English proficiency
  - Workfare
  - Financial or household management
  - Apprenticeship
  - Or any activity necessary for work

## Earned Income Disallowance (EID)



- + New employment or increased earnings of a family member who is a person with disabilities during or within 6 months after receiving assistance, benefits or services under any state program for temporary assistance (TANF or Welfare-to-Work)
  - TANF assistance may consist of any amount of monthly income maintenance, AND/OR
  - At least \$500 in such TANF benefits and services as one-time payments, wage subsidies and transportation assistance
  - The \$500 minimum dollar requirement applies only to one-time benefits, wage subsidies, and transportation

Earned Income Disallowance (EID)



EARNED INCOME DISALLOWANCE (EID) WORKSHEET				
PUBLIC HOUSING AND SECTION 8				
Family Member Name		Deres Gannon		Mbr SS Number
			Yes	No
1	For HCV, is this member disabled? If NO, do not continue.		X	
2	Did this family experience an increase in annual income from earnings as a result of new or existing employment? If NO, member is not eligible for EID (Do not continue).		X	
	Date began new earnings (mm/dd/yy): 1/15/2015			
3	Was this member previously unemployed for the last 12 months or longer?		X	
4	Did this member earn less than 10 hours @ minimum wage x 50 weeks during the previous 12 months?		X	
5	Did this member have increased earnings during participation in any economic self-sufficiency or job training programs?			X
6	Within the past six months, has this member received cash assistance or benefits through TANF?			X
6a	Aside from monthly income maintenance, did this member receive TANF assistance, benefits, or services worth at least \$500 over the past six months?			X
7	If 3, 4, 5, 6, or 6a is yes, member qualifies for EID.			X
IF 7 is "yes", proceed to EID Calculator (eidcalculator).				

# Earned Income Disallowance (EID)

## » How long does the exclusion last?

### > PIH Notice 2016-05 states:

- + Once a family member is determined to be eligible for the EID, the 24-calendar month period starts;
- + If the family member discontinues the employment that initially qualified the family for the EID, the 24calendar month period continues;
- + During the 24-calendar month period, EID benefits are recalculated based on changes to family member income and employment (no change from current practice);
- + During the first 12-calendar month period a PHA must exclude all increased income resulting from the qualifying employment of the family member. After the first 12-calendar month period, the PHA must exclude from annual income of the family at least 50 percent of any increase in income of such family member as a result of employment over the family member's income before the qualifying event (i.e., the family member's baseline income);
- + The EID benefit is limited to a lifetime 24-month period for the qualifying family member;
- + At the end of the 24 months, the EID ends regardless of how many months were "used"

# Earned Income Disallowance (EID)

> Example under new regulation:

January 2017 (1<sup>st</sup> month)

Carl begins working and is eligible for EID – 100% exclusion above baseline

July 2017 (7<sup>th</sup> month)

Carl is laid off – EID clock continues to run

January 2018 (13<sup>th</sup> month)

Carl's second 12-month period begins

February 2018 (14<sup>th</sup> month)

Carl begins working again – 50% excluded above baseline

July 2018 (19<sup>th</sup> month)

Still working

December 2018

Final month for receiving EID

# Earned Income Disallowance (EID)

## » Determining the Incremental Increase

- > Determine the total annual income of the EID-qualified person prior to the qualifying change, including all earned and unearned income
- > Calculate the annual income of the EID-qualified person after the qualifying change
- > Any increase attributable to employment is the incremental increase to be excluded that is over and above the prequalifying or baseline income

Earned Income Disallowance (EID)

## » HUD EID Worksheet:

- > [https://www.google.com/?gws\\_rd=ssl#q=hud+eid+worksheet](https://www.google.com/?gws_rd=ssl#q=hud+eid+worksheet)
- > HAPPY also has EID Worksheet which is part of the Eligibility Income Screen

## » Examples of how to calculate EID using HUD worksheet – *presented in separate Excel worksheets*

Earned Income Disallowance (EID)